



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

October 3, 1989

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *LPB*

FROM: Holland Shepherd, Reclamation Specialist/Permit Lead *HWS*

RE: Division Request to Drop Forfeiture Proceeding and Request for Board Concurrence for Revised Form and Amount of Reclamation Surety, Red Rock Mine, S & S Mining Company, M/037/050, San Juan County, Utah

The Division is asking that the Board drop the forfeiture proceeding that was initiated August 9, 1989, against the operator, S & S Mining Company. The operator has complied diligently with all Division requests since August. The site was inspected recently by Division and BLM personnel. It has been completely reclaimed and reseeded. The operator has done an excellent job in meeting the permit requirements for reclamation.

Also, as part of this action, the Division is asking for Board concurrence on a new form and amount of surety for the Red Rock site. S & S Mining Company has completed reclamation work at the Red Rock mine site, and is seeking a partial release from their reclamation obligation. The Division has re-estimated the surety bond (see revised reclamation estimate, enclosed). This new figure is based on the cost of reseeding, if necessary.

The current bond is for \$15,000. The new bond will be for \$1,650. Please find all other pertinent information attached.

jb
Attachments
MN4/197

DOGM MINERALS PROGRAM

CHECK LIST FOR BOARD APPROVAL
OF
FORM AND AMOUNT OF SURETY

Mine Name Red Rock

File No. M/037/050

Item	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification		X	n/a
Bond/Reclamation Surety	X		Copy Attached
Surety Signoff (Other State/Federal Agencies)	X		

EXECUTIVE SUMMARY

Mine Name:	<u>Red Rock</u>	I.D. No.:	<u>M/037/050</u>
Operator:	<u>S & S Mining Company</u>	County:	<u>San Juan</u>
	<u>P O Box 414</u>	New/Existing:	<u>Existing</u>
	<u>Moab, Utah 84532</u>	Mineral Ownership:	<u>BLM</u>
Telephone:	<u>259-2915</u>	Surface Ownership:	<u>BLM</u>
Contact Person:	<u>Clayton Stocks</u>	Lease No.(s):	<u>None</u>
Life of Mine:	<u>Reclaimed</u>	Permit Term:	<u>Life of Mine</u>

Legal Description: Sections 26 and 27, Township 28 South, Range 23 East

Mineral(s) to be Mined: Uranium and Vanadium

Mining Methods: Underground - Room and Pillar

Acres to be Disturbed: 9

Present Land Use: Mining and Grazing

Postmining Land Use: Livestock, Wildlife

Variances from Reclamation Standards (Rule M-10) Granted: None

SOILS and GEOLOGY:

Soil Description: Poorly developed, xeric conditions, silts and clays weathered from the Morrison formation, shallow, overlying rock outcrops.

pH: 8.2

Special Handling Problems: None

Geology Description: Jurassic sandstones and shales of the Morrison formation are the surface outcrops and targeted host rock of uranium.

HYDROLOGY:

Groundwater Description: Potentially existent in minor perched lenses within the Morrison formation. Very limited impacts possible. Mine did have water.

Surface Water Description: A small ephemeral drainage runs north-south across the mine site and connects to Cane Creek. The drainage was impacted during the mine operation. Material from the waste dump was blocking the drainage. This material was pulled out and away from the drainage at reclamation.

Water Monitoring Plan: None

ECOLOGY:

Vegetation Type(s); Dominant Species: Indian ricegrass, Shadscale, Rabbitbrush, Pinyon and Juniper.

Percent Surrounding Vegetative Cover: 12%, excluding Pinyon Juniper Canopy

Wildlife Concerns: None

Surface Facilities: No permanent facilities, evaporation pond for mine water.

Mining and Reclamation Plan Summary: _____

During Operations:

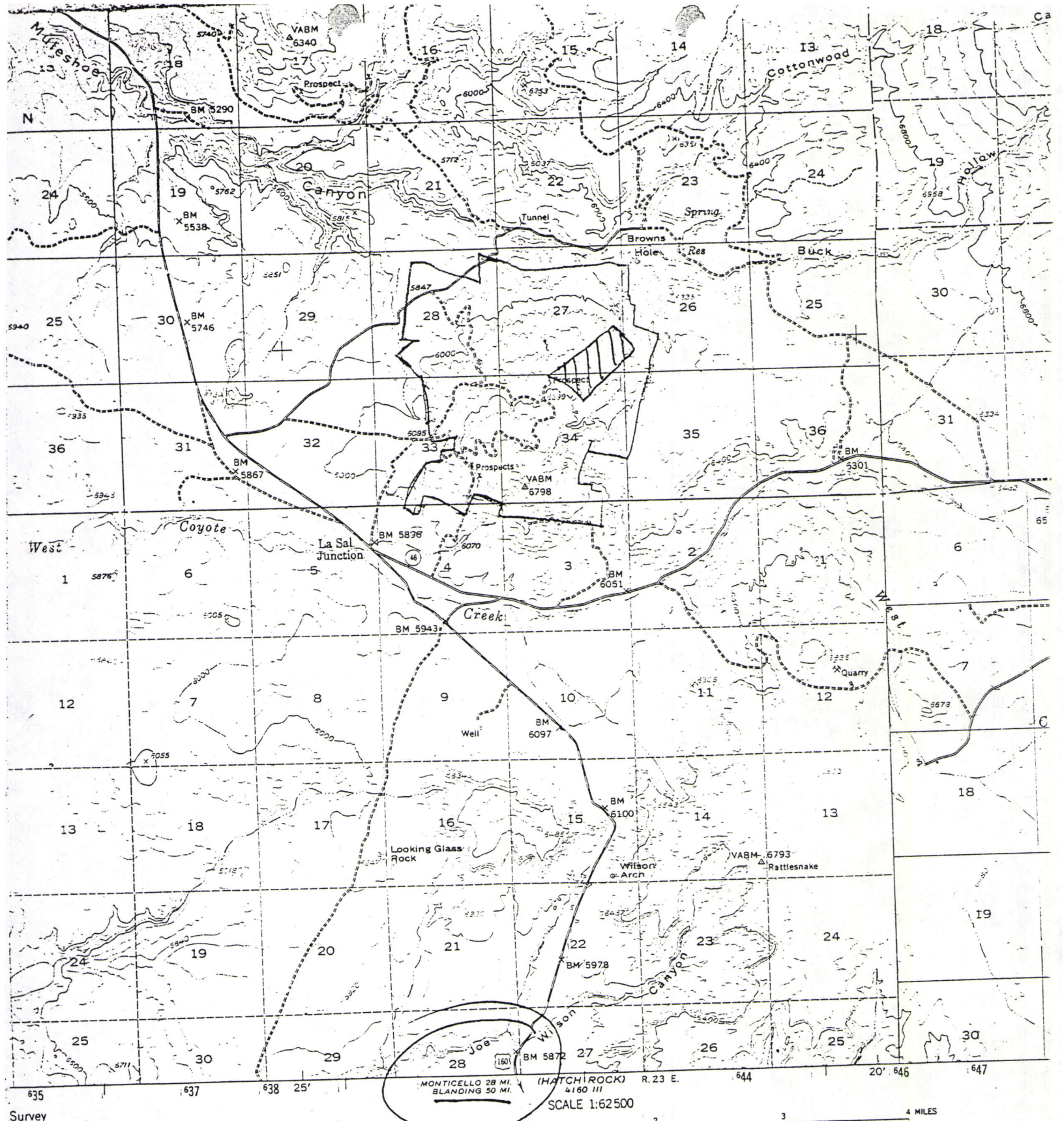
1. The operation is an underground uranium and vanadium mine. Ore will be hauled to the surface via a decline and it will be shipped to a mill after being accumulated on-site.
2. Waste rock will be disposed of on-site in stabilized piles.
3. Mine water will be pumped to the surface and evaporated in an approved excavated pond.
4. Facilities will be monitored by the State Health Department and the Division of Oil, Gas and Mining (DOGM).
5. A surety has been filed by the company and held by DOGM for reclamation purposes.

After Operations:

1. All temporary structures, equipment and trash will be removed.
2. The portal will be sealed and the decline filled with waste rock.
3. The waste rock pile, evaporation pond, roads and pads will be regraded.
4. Existing stockpiled topsoil will be spread over the surface of the mine site area and reseeded according to the mine plan schedule on file with the Division.
5. Monitoring of results for successful revegetation will persist for one to three years after operations have ceased prior to releasing the surety.

SURETY:

Amount: \$15,000
Form: Certificate of Deposit (see attached)
Renewable Term: 2 years - First Security Bank of Utah



UTM GRID AND 1954 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
 FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

Reclamation Estimate
for
S and S Mining Co.

Red Rock Mine
San Juan County
M/037/050

Prepared by DOGM
September 29, 1989

Description, Red Rock Mine

The site covers 9 acres of surface disturbance. All nine acres of this disturbance have been retopsoiled, regraded and ripped, as of September 30, 1989. Seeding and scarification is scheduled to take place by the first week of October, 1989. At this point the site will be completely reclaimed, and the revegetation response period will commence. An estimate for reclamation work, yet to be completed, follows:

Revegetation

<u>Item</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>\$/Acre</u>	<u>Acres</u>	<u>\$ Total *</u>
<u>Bare Costs</u>						
Seed Mix	14	lb	9	126	9	1130
<u>Application Costs</u>						
Seed Mix (hand broadcast)	.5hr		24	12	.9	110
Scarify (tractor and chain)	.3 hr		67	20	.9	180
Subtotal						1420

Page 2
Red Rock Mine Reclamation Estimate
M/037/050
September 29, 1989

10% Contingency	140
Total in 1989 \$'s	1560
Escalation	90
(1.93% annually for 3 years)	
Total in 1992 \$'s	1650

* Figures have been rounded to nearest \$10

MN6/5-6

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OCT 04 1989

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/037/050
(Mineral Mined) Uranium - Vanadium

"MINE LOCATION":

(Name of Mine)

Red Rock

(Description)

Underground mine, located
close to La Sal Junction
San Juan County

"DISTURBED AREA":

(Disturbed Acres)

9

(Legal Description)

Exhibit A

"OPERATOR":

(Company or Name)

S & S Mining Co.

(Address)

Box 414

Moab, UT 84532

(Phone No.)

801/259-2915

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

Clayton Stocks

PO Box 414

Moab, UT 84532

"OPERATOR'S OFFICER(S)":

Clayton Stocks

"SURETY":

(Form of Surety - Exhibit B)

Collateral - Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

n/a

"SURETY AMOUNT":

(Escalated Dollars)

\$1,650⁰⁰

"ESCALATION YEAR"

1992

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

9-12-89

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/050 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.

4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operators liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in the enforcement of this Contract.

10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of _____, 19____.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director

_____ Date

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 19____, personally appeared before me, who being by me duly sworn did say that he/she, the said _____ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public

Residing at: _____

My Commission Expires:

OPERATOR:

By

Clayton Stocks
Corporate Officer - Position

10-3-89

Date

STATE OF Utah)

) ss.

COUNTY OF Grand)

On the 3rd day of October, 1989, personally appeared before me Clayton Stocks who being by me duly sworn did say that he/she, the said Clayton Stocks is the agent of S & S Mining and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same.

Jennie Gerber
Notary Public

Residing at: Moab, Utah



My Commission Expires:

Exhibit A

The Red Rock Mine is located in the Southeast 1/4 of Section 27, Township 28 South, Range 23 East, and the Southwest 1/4 of Section 26, Township 28 South, Range 23 East, in San Juan County, Utah. The surface disturbance is approximately 9 acres.

A map depicting site disturbance boundaries and facilities has been filed with the Division and can be found under file M/037/050.

MN4/198

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OCT 04 1989

EXHIBIT B

**First
Security
Bank**

First Security Bank of Utah, N.A.

6919691

Deposit Receipt

00*0591####

110380 151#
10/03/89 09:51:60 68/10/01

No

Issued at (Office) Moab Office City and State Moab, Utah

Received of State of Utah, Board of Oil, Gas and Mining
and S & S Mining Company, a co- partnership Owner(s)

The Sum of One Thousand Six Hundred Fifty and no/100----- Dollars

Terms and Conditions. This deposit is subject to the terms and conditions stated on both sides of this Deposit Receipt and on the Deposit Conditions of the same account number issued herewith.

Interest Rate. Interest is calculated on a simple interest basis and paid as shown on this Deposit Receipt.

Frequency of Rate Change. If the interest rate on this deposit is subject to change during the term of the deposit, the frequency of change is shown on this Deposit Receipt.

Automatic Renewal. If automatic renewal is shown on this Deposit Receipt, this deposit shall be renewed for successive identical terms at each maturity date, at the then prevailing rate, unless payment is requested by the registered owner(s).

Notice Period. If the Bank reserves the right to require written notice prior to payment of this deposit, the notice period is shown on this Deposit Receipt.

SD-20A R 8188 7Y

Office Number 045	Product Code 155	Account Number
Date of Deposit 10-3-89	Amount \$ 1,650.00	
Interest Rate 7.95	Frequency of Rate Change None	
Maturity Date 4-3-90	Term 6 Months	Frequency of Interest Payment Semi-annually
Automatic Renewal Yes	Notice Period N/A	Interest Payment Method Cashier's Check
Social Security or Tax ID Number		

Received by
Authorized Signature

Don Cook

Depositor Copy

If Original needed contact Don Cook
at First Security Bank.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

3809
(U-068)

Moab District
Grand Resource Area
P. O. Box M
Moab, Utah 84532

OCT 6 1989

Mr. Holland Shepherd
Utah Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Final Reclamation/Bond Readjustment for the Red Rock Mine Site,
San Juan County, Utah

Dear Mr. Shepherd:

On September 5, 1989 a member of my staff checked on the progress of reclamation by Mr. Clayton Stocks, prior operator at the Red Rock Mine site, located in T28S, R23E (SLM), Sections 26 and 27. Inspection was made for the surface reclamation only. The inspector was not present when the mine shaft, vent holes and drill holes were sealed. Surface reclamation has been completed and appears to be satisfactory.

Based on Mr. Stock's efforts, I would recommend readjustment of the existing bond. As you and I discussed, a portion of the bond needs to remain in effect until the reseeding efforts are deemed acceptable.

If you have additional questions concerning what was observed during the final inspection, please contact Sal Venticinque at (801) 259-8193.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Brad D. Palmer", is written over a horizontal line.

Brad D. Palmer
Area Manager